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June 29, 2000

Mr. David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

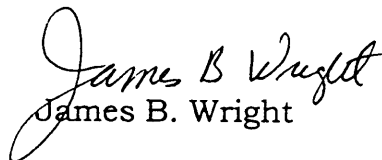
RE: Docket No. 97-00409
UTSE Response to TPOA Motion for Interim Relief

Dear Mr. Waddell:

Enclosed for filing in the above case are the original and thirteen copies of United Telephone-Southeast, Inc.'s Response to the Tennessee Payphone Providers Association Motion for Interim Relief

A copy of this Response is being furnished to counsel of record.

Sincerely,


James B. Wright

JBW:sm

Enclosures

cc: Dennis Wagner (with enclosure)
Laura Sykora (with enclosure)
Steve Parrott (with enclosure)
Counsel of Record (with enclosure)

#18313

POSTED
6/30/00

CERTIFICATE OF SERVICE; DOCKET 97-00409
(Pay Telephone Service Reclassification)

The undersigned hereby certifies that on June 29, 2000 the foregoing document was served upon the following parties of record addressed as follows:

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Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Vincent Williams
Consumer Advocate Division
425 Fifth Avenue North, 2nd Fl.
Nashville, TN 37243

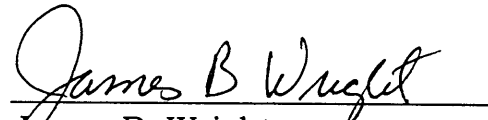
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James B. Wright

BEFORE THE
TENNESSEE REGULATORY AUTHORITY
Nashville, Tennessee

IN RE: All Telephone Companies Tariff Filings Regarding Reclassification of
Pay Telephone Service as Required by FCC Docket 96-128

DOCKET NO. 97-00409

UTSE RESPONSE TO TPOA MOTION FOR INTERIM RELIEF

United Telephone-Southeast, Inc. ("United" or "Company"), files this response to the Motion for Interim Relief filed June 22, 2000 by the Tennessee Payphone Providers Association ("TPOA"). Although the TPOA, on behalf of its member payphone service providers ("PSPs"), seeks specific relief from only BellSouth Telecommunications, Inc. ("Bell South"), the reasons for the requested relief contain assertions which could impact United if they are accepted as true and applied to the Company as well.

United would first point out that in the last five years, there has been a continual increase each year in the number of payphone service providers certificated to provide service in the state of Tennessee, even though at the time they entered the market, the rate for the payphone line was at the same level (alleged to be "exorbitant" by the TPOA) as it is today. Since 1995, there have been 162 newly certificated payphone service providers, an average of 32 each year. Last year alone there were 36 newly certificated PSPs. This continual addition of

competitors in the payphone market has undoubtedly contributed to the decreased revenues experienced by the complaining payphone providers referenced in the TPOA's Motion.

The TPOA Motion confirms that competition is a large part of the reason for their decrease in revenues. Attached to the TPOA Motion were five affidavits. A close review of these affidavits shows that the payphone providers themselves acknowledge that a primary reason they are experiencing reduced revenues comes not from the line rate they pay BellSouth or other ILECs, but stems from the dramatic increase in competition. Mr. Kitchener states that "Revenues have dropped at least 25 to 30% due to the proliferation of cellphones and prepaid calling cards". Mr. Wilson says "While costs have gone up, our revenues have decreased due to the popularity of cell phones and calling cards." Thus, it is the existence of increased competition, not the payphone line rate, that is causing reduced profitability.

In addition to competition, the affiant payphone providers admit that factors, other than the payphone line rate, have negatively impacted their profits. Mr. Kitchner states that "...all our overhead and regular costs of doing business (payroll, rent, gas, etc etc) are constantly rising." As noted above, Mr. Wilson likewise acknowledged that his costs have gone up. Again, the complaining PSPs substantiate that it is not the ILEC line rate, but other costs that are harming them.

The payphone providers also complain of reduced profitability stemming from their failure to collect dial around compensation from interexchange carriers. Mr. Kendall indicates he is receiving only 50 to 60% of such revenue, and Mr. Kitchener estimates he receives less than one half of what he is entitled. This inability to collect sums due may be causing the PSPs to experience economic harm, but it has nothing to do with the ILEC payphone line rate.

Thus, the PSP affidavits establish that added competition in the marketplace and increased costs or decreased collections are the cause of their lost profitability, not the line rate. Therefore their alleged basis for interim relief is unfounded.

In addition, as United noted in its May 11, 2000 joint filing with Citizens in this case, the TPOA is improperly relying on an order of the FCC Common Carrier Bureau ruling dealing with the State of Wisconsin ("Wisconsin Order") to justify their requested relief. The Wisconsin Order states that it applies only to four Wisconsin local exchange companies. Thus by its own terms the Wisconsin Order is not of general applicability.

Furthermore, the TPOA's assertion that the Wisconsin order says "pay phone lines are comparable to UNEs and absent unusual circumstance, should be priced accordingly" (TPOA Motion at page 2) is contrary to what the Order actually says. This is a mischaracterization of the Wisconsin Order since the Order merely considered UNE cost elements as being comparable only in the context of

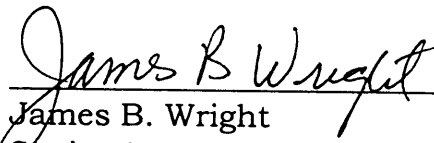
overheard costs, and even then the FCC Bureau stated it was only an assumed comparability. This Bureau Order has been appealed to the FCC and thus is likely to be reversed.

Finally, United opposes the Motion to the extent the TPOA Motion continues to seek the application of BellSouth UNE rates, costing methodologies and/or prices derived from a proceeding containing no evidence of United's costs, methodology or prices.

United strongly opposes the Motion because of the flawed basis for the requested relief, and therefore the Company asks that the TPOA Motion be denied.

Respectfully submitted,
UNITED TELEPHONE-SOUTHEAST, INC.

Dated: June 29, 2000


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